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C O N F I D E N T I A L SECTION 01 OF 03 TAIPEI 002387

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SUBJECT: FORMER PRESIDENT LEE TENG-HUI'S TAIWAN SOLIDARITY
UNION (TSU) PARTY STRUGGLES TO SURVIVE

Classified By: AIT Deputy Director Robert S. Wang.

Reasons: 1.4 (b/d)

11. (C) Summary: Lee Teng-hui's small Taiwan Solidarity Union (TSU) faces a "life and death" struggle for survival in the January 2008 legislative elections as a result of the halving of the legislature and the shift from multiple- to single-representative districts. The TSU hopes President Chen's resumption of the DPP Chairmanship will lead to an early DPP-TSU agreement allowing TSU candidates to run without DPP competition in some of the eight districts where both the DPP and TSU currently have nominees. The DPP wants TSU support for Frank Hsieh's presidential campaign, but has

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its own legislative candidates to look after and therefore is likely to make only limited concessions. Lee Teng-hui's efforts this past Spring to turn the TSU into a larger political by positioning it as a centrist "third party" between the DPP and KMT have not succeeded and may well be counterproductive as the party struggles to stay alive. End Summary.

TSU Looking for A Deal

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12. (C) Some Taiwan Solidarity Union (TSU) members hope that long-stalled negotiations with the Democratic Progressive Party (DPP) over the fielding of joint pan-Green legislative candidates in election districts will succeed now that President Chen Shui-bian has resumed the DPP Chairmanship. In a sign of possible thaw in the deadlock between the two pan-Green partners, Chen met with TSU Chairman Huang Kun-hui on October 18 and the two pledged to conduct "speedy mediations" in eight districts where both DPP and TSU have nominated competing candidates. Huang told reporters the two sides hope to reach a final agreement before the end of October. Working-level discussion will continue between the Secretaries-General of the two parties.

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13. (C) In the view of the TSU, the DPP had shown little "sincerity" and intent to compromise under former Chairman Yu

Shyi-kun and former Secretary-General Lin Chia-long. TSU Deputy Secretary-General Liu I-teh told AIT recently that President Chen and DPP presidential candidate Frank Hsieh better understand that pan-Green unity in the legislative races and TSU support are essential to boosting Hsieh's chances in the March presidential election. As President and DPP Chairman, Chen holds the government and party resources to broker deals between competing DPP and TSU legislative candidates, Liu suggested.

14. (C) The TSU, which earlier this year announced it would nominate candidates in 17 of Taiwan's 73 legislative districts, recently revealed plans to nominate another 3 candidates. Initially, the TSU asked the DPP not to field candidates in those districts, but TSU and DPP now have competing candidates in 12 of the 17 districts. In one district in Taichung city, the issue was recently resolved in the TSU's favor after the two candidates agreed to hold a public opinion poll to determine the pan-Green representative. (Comment: TSU sources tell AIT that cooperation in this instance may be exceptional, since close personal relations between the two pan-Green candidates facilitated cooperation.) On October 18 TSU Chairman Huang stated that he and President Chen had agreed to mediate between rival Green candidates in eight districts, with mediation to focus initially on consultations to be followed by public opinion polling only if necessary. Liu I-teh told AIT the TSU could ultimately accept DPP concessions leaving the TSU 5-6 "good" districts. According to Liu, the TSU would need to win all those 5-6 districts in order to preserve roughly the same percentage (7-8 percent) of seats it holds in the current legislature (12 of 225 seats).

TSU Faces "Life and Death" Struggle

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15. (C) Liu emphasized that 2008 will be a "life and death" struggle for the TSU and other small parties. In addition to district candidates, voters will for the first time cast a

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second ballot for the political party of their choice, which will be used to apportion 34 party at-large seats. With the halving of the legislature, the introduction of single-member districts, and a requirement to win at least 5 percent of the party vote to qualify for any party list seats, however, the TSU will face a difficult battle to survive.

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16. (C) The TSU remains divided over the best strategy to pursue, Liu I-teh acknowledged. Some party headquarters officials want to take a "go it alone" confrontational approach toward the DPP, arguing that the TSU should run candidates in as many of the 73 districts as possible in order to maximize its share of the second, party at-large votes. However, such a strategy would be expensive and difficult to implement, Liu observed. Moreover, incumbent TSU legislators resist this strategy because they would need

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the votes of DPP as well as TSU supporters in the new elections districts. Trying to compete instead of cooperating with the DPP would backfire and hurt TSU election chances, they argue. Rather, they prefer to work with the DPP to reach agreement on a unified pan-Green slate of candidates, the approach now being tried by the TSU.

17. (C) Liu said the TSU is optimistic about winning several district seats following an agreement with the DPP on nominations, and the party also stands a good chance of meeting the 5 percent second-vote threshold and win perhaps two party at-large seats in the new Legislative Yuan (LY). According to TSU internal polls, 3.5 percent of respondents

expressed support for the party, higher than the 2 percent poll rating the TSU registered ahead of the 2004 elections, when it garnered 7-9 percent of the vote. DPP candidate Tuan I-kang, pitted against TSU legislator David Huang in Taipei City, predicted that only two TSU district candidates (Lo Chih-ming in Kaohsiung City and Liao Pen-yen in Taipei County) are likely to win, and currently there is a rival DPP candidate in the Kaohsiung race. Tuan also suggested the TSU may not pass the 5 percent threshold on the party list vote, which could be a "disaster" leading to the collapse of the TSU as a competitive party. Tuan predicted that winning TSU

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legislators may bolt to the DPP shortly after the election.

One Taipei Race: Canary in a Coal Mine?

¶9. (C) The legislative race in Taipei District 5 (Wan-hua and Chung-cheng Districts), now a three way competition between the DPP's Tuan I-kang, the TSU's David Huang, and the KMT's Lin Yu-fang, is a key test of whether the DPP and TSU can compromise to maximize the pan-Green camp's electoral chances. With a divided Green camp, Lin stands a good chance of winning in one of the very few districts in Taipei where the pan-Green is competitive. Tuan and Huang have both told AIT they are willing to accept the use of public opinion polls to determine the pan-Green candidate, and each claims that polling shows him as the stronger candidate. DPP Taipei Headquarters Director Lee Cheng-yi told AIT, however, that the candidates differ over whether polls should screen out "Blue-leaning" voters, which could help Huang.

"Center Left" Line Not Working

¶10. (C) Early this year TSU "spiritual father" and former President Lee Teng-hui attempted to reposition the TSU as a "centrist" third party to attract light Green and light Blue voters, especially ethnic Taiwanese, who were disappointed with partisan Blue-Green confrontation and the performance of both the KMT and DPP. According to Tuan I-kang, this represented a return to Lee's original vision for the TSU as a party of defectors from the ethnic Taiwanese wing of the KMT. However, the small number of politicians who ended up joining the TSU were those passed over by the KMT and DPP in the legislative nomination process. Under the previous multiple member legislative district system, small party candidates who took extreme positions did much better than moderates. Failing to find room in the center, the TSU jumped beyond the DPP to the Deep Green extreme, creating a small, though vocal, base among pro-independence supporters,

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said Tuan.

¶11. (C) Liu and Huang from the TSU separately told AIT that Lee's latest attempt to reposition the TSU as a centrist third party was launched "before its time" and has not worked. Centrist voters will not accept the TSU because of its previous extreme positions, Tuan I-kang argued, adding that moving to the center also alienates the party's Deep Green base supporters. Following Lee's shift, TSU district candidates have found it difficult to justify the party's new approach to traditional supporters. Lee's centrist vision, Liu stressed, is good for the future of the TSU, but suggested the party should have begun to reinvent itself after, rather than before, the upcoming legislative elections. In Liu's view, the TSU should continue to carry the Deep Green torch and push a pro-independence agenda, allowing the DPP to move toward the center and appeal to moderate and light Green voters.

¶12. (C) Liu denied recent media rumors that TSU Chairman Huang Kun-hui, who is close to Lee Teng-hui, might launch a presidential bid in order to boost support for TSU

legislative candidates. Liu said Huang has no intention of doing so, explaining that relations between Lee Teng-hui and Frank Hsieh are "too good" for the TSU to field a rival presidential candidate. Legislator Huang cautioned against over interpreting Lee's recent criticism of President Chen and the DPP as indicating lack of support for Hsieh. While Lee is disappointed with President Chen's performance, he remains on quite good terms with Hsieh and is very likely to endorse his candidacy.

Comment

¶13. (C) Lee Teng-hui has tried but failed over the years to build the TSU into a major force to maintain his influence in Taiwan politics. Because the new legislative election system is unfavorable to small parties, the TSU and its "spiritual father" Lee Teng-hui run a real risk of being even more marginalized following LY elections in January. While the TSU is struggling to maintain its independence and separate

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identity as a political party, James Soong, the leader of Taiwan's other small party, the pan-Blue People First Party (PFP), appears to have seen the writing on the wall, and the PFP is preparing to return to the fold of the KMT, from which it split following the 2000 presidential election.

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